

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2005-260-G - ORDER NO. 2005-692
DECEMBER 13, 2005

IN RE: Application of South Carolina Electric & Gas Company for an Emergency Order Concerning Sale of Approved Emergency Gas (Supply Related) Until March 31, 2006.)	ORDER GRANTING APPLICATION FOR EXTENSION OF EMERGENCY ORDER
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This matter comes before the Commission pursuant to South Carolina Electric & Gas Company's ("SCE&G's") Application for an extension of the Commission Order No. 2005-553, dated October 12, 2005, which authorized SCE&G to make sales of Approved Supply-Related Emergency Gas. This Order extended the terms of a Commission Order issued earlier.

Commission Order No. 2005-482 was issued on September 8, 2005, following a September 1, 2005, hearing conducted jointly with the application of South Carolina Pipeline Corporation ("SCPC"), which was filed simultaneously seeking similar relief. At that hearing, Sam Dozier, Vice President for SCPC, testified concerning the disruptions of the natural gas supply caused by Hurricane Katrina. While gas commodity supplies and transportation were available to serve curtailed customers, such supplies were available only at significantly elevated prices. Mr. Dozier noted that SCE&G had adequate firm supply through SCPC to meet all anticipated firm demands, and the concerns about gas supply related only to service to interruptible customers.

In Order No. 2005-482, the Commission approved SCE&G's request to offer Supply-Related Emergency Gas to curtailed interruptible customers priced at the actual delivered daily price of the specific source of supply used to serve the Customer, plus the applicable Commission-approved margin for the curtailment category and other applicable costs and charges. The Order specifically required that gas supplies purchased to provide Supply-Related Emergency Gas service to interruptible customers not be considered in computing SCE&G's weighted average cost of gas or in administering any aspects of SCE&G's Purchased Gas Adjustment process or orders. By its terms, Order No. 2005-482 expired on September 30, 2005. On October 12, 2005, this Commission issued Order No. 2005-553, extending the authorization contained in Order No. 2005-482 to November 30, 2005, and further defining certain aspects of the administration of sales made under it.

SCE&G has indicated in its Application that since September 1, 2005, a significant number of SCE&G's interruptible customers have utilized the Supply-Related Emergency Gas. As a result, these customers have been able to continue operating their factories and businesses despite disruptions in gas supply and in the supply of alternative fuels such as propane and fuel oil. SCE&G states in its Application that it has firm supply resources sufficient to meet all anticipated firm requirements and SCE&G foresees no difficulty in meeting firm customers' needs during the upcoming winter heating season. In response to the continued uncertainty in natural gas markets and the possibility of further supply related curtailments of interruptible customers, SCE&G requests that this Commission extend SCE&G's authority to offer Supply-Related Emergency Gas to

curtailed interruptible customers until the end of the 2005-2006 winter heating season, specifically until March 31, 2006. As permitted in prior orders, SCE&G would be authorized in its discretion to make Supply-Related Emergency Gas available to curtailed interruptible customers on a daily basis priced at:

- a. The actual delivered daily price of the specific source of supply used to service the Customer; plus
- b. The Commission approved maximum contract margin for service to customers falling in the applicable curtailment category; plus
- c. All other costs and charges related to the specific gas supply used to serve the customer.

SCE&G will not consider sales volumes and supply costs related to Approved Supply-Related Emergency Gas in computing SCE&G's weighted average cost of gas, or in administering any aspects of SCE&G's Purchased Gas Adjustment process or orders.

SCE&G further states that, as permitted in Order No. 2005-553, SCE&G will confirm Supply-Related Emergency Gas sales with its customers electronically. The Company sets out specific terms with regard to balancing in the Application.

The Company notes that in some cases when supply related curtailments have been imposed, Customers have requested authorization to transport gas under their existing interruptible Transportation Contracts with SCE&G. In those cases, Customers would obtain their own gas supplies to transport. By Order No. 2005-553, the Commission allowed SCE&G to waive curtailment of interruptible transportation service on a day-to-day basis where curtailments are supply related and where SCE&G

determined that capacity existed to provide the requested interruptible transportation service. The effect of this authorization has been to allow the Customers to use interruptible transportation on a daily basis in lieu of Supply-Related Emergency Gas. SCE&G requests extension of this aspect of Order No. 2005-553 until March 31, 2006. Based upon the evidence and SCE&G's Petition, the Commission finds that:

1. SCE&G's current practices and policies related to confirming sales of Authorized Emergency Gas (Supply-Related) and to balancing and penalties are just and reasonable; and

2. Granting SCE&G's Petition and extending Order No. 2005-553 is in the best interests of its system and its customers, and, given the high prices of gas supplies, the most economically sensible course of action.

NOW, THEREFORE, IT IS HEREBY ORDERED as follows:

1. The Application of South Carolina Electric & Gas Company for an extension of this Commission's October 12, 2005 Order, Order No. 2005-553 is approved;

2. So long as gas supplies and transportation services are available, and in its discretion, SCE&G may offer customers Emergency Gas (Supply Related) on an interruptible basis to allow certain customers who would otherwise be curtailed to continue normal operations;

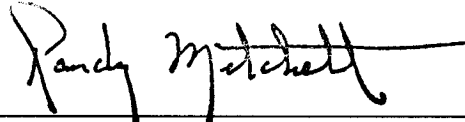
3. Emergency Gas (Supply Related) will be priced at:

- a. The actual delivered daily price of the specific source of supply allocated by SCE&G to serve the Customer, plus

- b. The Commission approved maximum contract margin for service to customers falling in the applicable curtailment category, plus
 - c. All other costs and charges related to the specific gas supply used to serve the customer.
- 4. Sales volumes and supply costs related to the Approved Emergency Gas (Supply Related) shall not be considered in computing SCE&G's weighted average cost of gas in administering any aspects of SCE&G's Purchased Gas Adjustment process or orders.
- 5. SCE&G may continue to use its present practices related to confirming transactions and administering the sale of Approved Emergency Gas (Supply Related).
- 6. SCE&G may waive curtailment of interruptible transportation service on a day-to-day basis where curtailments are supply-related and where SCE&G determines that capacity exists to provide the requested interruptible transportation service.
- 7. This Emergency Order, as extended, shall remain in effect through March 31, 2006.
- 8. This Emergency Order is effective *nunc pro tunc* as of December 1, 2005.

9. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:

A handwritten signature in black ink, reading "Randy Mitchell", with a long horizontal stroke extending to the right.

Randy Mitchell, Chairman

ATTEST:

A handwritten signature in black ink, reading "G. O'Neal Hamilton", with a long horizontal stroke extending to the right.

G. O'Neal Hamilton, Vice Chairman

(SEAL)